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Office Memorandum • UNITED STATES GOVERNMENT

100B DATE: 1/12/50

TO : S - The Secretary
 Thru: S/S
 FROM : FE - Mr. Butterworth

SUBJECT: Response to Chinese Ambassador's Letter
 of December 23, 1949.

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 893.20/12-23-49
 893.50/12-23-49

The letter to Ambassador Koo has been redrafted in accordance with the conversation that Mr. Rusk and I had with you yesterday, and it is attached herewith for your signature.

A copy of the Ambassador's letter of December 23, 1949, together with the supplementary Chinese memorandum on military aid of January 3 has been given Mr. Rusk to hand to General Burns today. I am transmitting the Ambassador's letter to Mr. Cleveland of ECA with a request for ECA's assessment of the Chinese economic aid proposals.

Attachments:

11-2249
 Memorandum of January 6 and draft letter to the Chinese Ambassador.

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Office Memorandum • UNITED STATES GOVERNMENT

TO : S - The Secretary
 Through: S/S
 FROM : FE - Mr. Butterworth

DATE: January 6, 1950

SUBJECT: Chinese Request for United States Military and Economic Aid to Taiwan

Discussion:

On December 23, 1949 the Chinese Ambassador left with me a letter of the same date addressed to you containing a Memorandum from his Government which requests that the United States Government extend certain types of military and economic aid to Taiwan (Tab A) My memorandum of conversation with the Ambassador at the time is attached as Tab B.

This letter was supplemented with more detailed Memoranda from the Chinese Ambassador under his covering letter of January 3, 1950. (Tab C) The Chinese requests call for a total expenditure of \$86 million, of which \$26 million would be used for military supplies and equipment and military, political and economic advisory personnel. It appears that the Chinese desire the expenditure of the remaining \$60 million for purchase of commodities, industrial reconstruction, agricultural rehabilitation and currency stabilization through the greater part of fiscal year 1951. Despite this desire, the Ambassador's letter of December 23 requests that Congress be asked to extend the authorizing legislation for the ECA China Program only through fiscal year 1950.

The Ambassador's letter should be answered in the light of the President's statement of January 5th on Formosa. There is attached a draft letter (Tab D) for your signature which relates the President's statement to the Chinese request for military aid, but which is worded so as to make unnecessary a subsequent formal and definitive response to the request for large-scale economic assistance.

021313 In view of the action by the National Security Council on December 29 regarding the Taiwan aspects of the Asia Policy Paper, and the President's statement of January 5th, it would be inappropriate to request an assessment by the Department of Defense of the Chinese proposals for military aid. A draft letter to Secretary Johnson (Tab E) is attached for

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your signature which merely transmits the Ambassador's letter and the supplementary memorandum on military aid for his information. It would be desirable, however, to have the comments of the Economic Cooperation Administration on the Chinese proposals for economic aid, and a draft letter to Mr. Hoffman for your signature is also attached for this purpose. (Tab F).

Recommendation:

It is recommended that you sign the attached letters to Ambassador Koo, Secretary Johnson and Mr. Hoffman.

Attachments:

Cancelled
Tabs A through F as stated.

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